

LAW OFFICES

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A PROFESSIONAL CORPORATION

10 LIGHT STREET

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300 ACADEMY STREET
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101 BAY STREET
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11350 RANDOM HILLS ROAD
FAIRFAX, VA 22030-7429

30 WEST PATRICK STREET
FREDERICK, MD 21701-6903

22 WEST JEFFERSON STREET
ROCKVILLE, MD 20850-4286

600 WASHINGTON AVENUE
TOWSON, MD 21204-3965

1450 G STREET, N.W.
WASHINGTON, D.C. 20005-2001

September 9, 1996

JOHN A. STALFORT
410-385-3424

via FEDERAL EXPRESS

Surface Transportation Board
12th and Constitution Avenue, N.W.
Washington, D.C. 20423
Attention: Mrs. Janice Fort
Recordation

20239-13
SEP 10 1996 - 1 02 PM

Re: Our File No.: 258-1658
(Second Funding)

RECEIVED
SURFACE TRANSPORTATION
BOARD
SEP 10 1 02 PM '96

Dear Mrs. Fort:

Enclosed for recordation as a secondary document pursuant to the provisions of 49 U.S.C. §11301(a) are one original and one notarized copy of the following document:

Assignment of Lessor's Interest in Lease dated September 6, 1996 by Morgan Rail L.L.C. (1843 R. W. Berends Dr., S.W., Grand Rapids, Michigan 49509) in favor of The First National Bank of Maryland (25 South Charles Street, Baltimore, Maryland 21201) which relates to the Memorandum of Railcar Lease Agreement dated as of August 20, 1996 between The First National Bank of Maryland (25 South Charles Street and Brandywine Valley Railroad Company (50 South First Avenue, Coatesville, Pennsylvania 19320) which was recorded on August 21, 1996 at 9:45 a.m., under Recordation No. 20239.

Also enclosed is a check in the amount of \$21.00 to cover the costs of recording this document.

Once this document has been recorded, please return the same to: John A. Stalfort, Esquire, Miles & Stockbridge, 10 Light Street, Baltimore, Maryland 21202.

Thank you for your prompt attention to this matter. Please call me at (410) 385-3425 if you have any questions.

Sincerely,

Michele E. Sperato

Michele E. Sperato,
Secretary to John A. Stalfort

Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

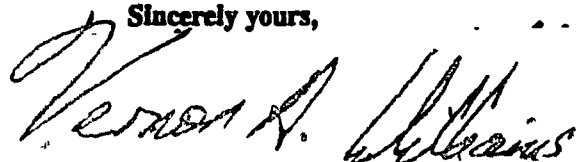
9/10/96

John A. Stalfort, Esquire
Miles & Stockbridge
10 Light Street
Baltimore, Maryland 21202-1487

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/10/96 at 1:05PM, and assigned recordation number(s). 20239-B and 20240-A.

Sincerely yours,

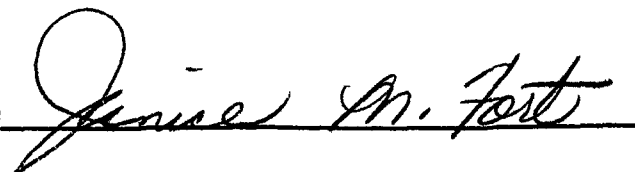


Vernon A. Williams
Secretary

Enclosure(s)

\$ 42.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that the attached Assignment of Lessor's Interest in Lease is a true and complete copy of said Assignment of Lessor's Interest in Lease.

WITNESS my hand and seal this 9th day of September, 1996.

Deborah J. Hooper
Notary Public



My Commission Expires: 7/27/98

RECORDATION NO. 20239-B
10 1996 - 1 05 PM

ASSIGNMENT OF LESSOR'S INTEREST IN LEASE

THIS ASSIGNMENT OF LESSOR'S INTEREST IN LEASE (this "Agreement") is made as of this 6th day of September, 1996 by MORGAN RAIL L.L.C., a Michigan limited liability company (the "Assignor"), in favor of THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Assignee").

RECITALS

A. Rail Trusts Equipment, Inc. has entered into that certain Lease Agreement dated as of May 1, 1996 (the "Lease") between Rail Trusts Equipment, Inc. and Brandywine Valley Railroad Company (the "Lessee").

B. Pursuant to the Assignment of Leases dated June 10, 1996, Rail Trusts Equipment, Inc. has assigned all of its right, title and interest in and to the Lease to the Assignor.

C. Pursuant to the Bill of Sale dated September 6, 1996, KND Rail Services, Inc. has conveyed title to the Railcars (hereinafter defined) to Assignor.

D. The Assignor has, pursuant to the Purchase and Sale Agreement of even date herewith, sold to the Assignee all of the Assignor's right, title and interest in and to the railcars which are described on Schedule A attached hereto and made a part hereof (the "Railcars").

E. In connection with such sale of the Railcars, Assignor desires to assign to the Assignee all of the Assignor's right, title and interest in and to and obligations under (except the obligations of the lessor under Sections 3(a), 3(b) and 4 of the Lease) the Lease which Assignee expressly desires to assume. Notwithstanding the foregoing, Assignor desires to retain, jointly and severally, with the Assignee, the rights to claim and demand indemnification and the defenses of the warranties under Section 16, the last literary paragraph of Section 21, and Section 23 of the Lease.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the receipt of which is hereby acknowledged, the Assignor hereby agrees with the Assignee as follows:

1. Assignment. The Assignor hereby assigns to the Assignee all of the Assignor's right, title and interest in and to and obligations under (except the obligations of the lessor under Sections 3(a), 3(b) and 4 of the Lease) the Lease, including, without limitation, all rent payable with respect to the Railcars which Assignee expressly assumes. Notwithstanding the foregoing, Assignor retains, jointly and severally, with the Assignee, the

rights to claim and demand indemnification and the defenses of the warranties under Section 16, the last literary paragraph of Section 21, and Section 23 of the Lease. The Lease's assignment is subject to any right of Lessee to use and possession in accordance with Section 5 of the Lease.

2. Representations and Warranties. The Assignor hereby represents and warrants to the Assignee the following:

(a) to the best of the Assignor's knowledge there are no defaults or events of defaults under the Lease;

(b) the Lease is presently in full force and effect;

(c) no rent under the Lease has been paid in advance;

(d) Assignee will be entitled to receive rental payments in amounts and for periods of time as follows: (i) Assignee will receive Interim Rent in the amount of \$ per Railcar per day beginning on a Railcar's Delivery Date (as defined in the Lease) through and including the day prior to the Commencement Date (as defined in the Lease), and (ii) Fixed Rent in the amount of \$ per Railcar per month beginning on the Commencement Date and continuing for 119 months thereafter for a total of 120 Fixed Rent payments due in advance on the first day of each month. Assignee will also be entitled to receive any other payments due Lessor under the Lease for the periods of time described above, all such payments to be made in accordance with the terms of the Lease.

(e) The Assignor has not assigned, encumbered or transferred in any way its interest in the Lease; and

(f) a complete copy of the Lease is attached hereto as Exhibit A.

3. Additional Instruments. The Assignor shall execute and deliver such further instruments and take such actions as shall be reasonably required in order to carry out the transactions contemplated by this Agreement.

4. Miscellaneous Provisions.

(a) Entire Agreement. This Agreement comprises the complete understanding of the parties and there are no understandings, either written or oral, except as specifically set forth in this Agreement. No changes may be made in this Agreement unless specifically reduced to writing and accepted by both parties. All prior

negotiations and understandings of the parties are deemed merged into this Agreement.

(b) Amendment and Waiver. This Agreement may be amended, or any portion of this Agreement may be waived, provided that such amendment or waiver shall be in writing, executed by the parties to which any particular provision specifically relates and all such amendments and waivers made shall be binding upon the parties. No course of dealing between or among any persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

(c) Inurement to Benefit of Assigns. All of the terms and provisions of this Agreement shall be binding upon, apply and inure to the benefit of the parties, their respective successors and assigns.

(d) Severability. Each of the terms and provision of this Agreement, except for the payment of the purchase price to Seller, is and is deemed to be severable, in whole or in part, and, if any term or provision or their application in any circumstance should be invalid, illegal or unenforceable, the remaining terms and provisions or their application, to circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected and shall remain in full force and effect.

(e) Exhibits and Schedules. All exhibits and schedules attached to this Agreement are incorporated and made a part of this Agreement by reference.

(f) Paragraph Headings. All paragraph and subparagraph headings are for convenience only and do not in any way limit to construe the contents of the paragraphs.

(g) Rights and Remedies. All rights and remedies granted any of the parties under this Agreement shall be cumulative.

(h) Survival of Representatives and Warranties. All representations, warranties and indemnifications shall survive the closing of the transactions contemplated by this Agreement.

(i) Governing Law. The law of the State of Maryland shall govern all questions concerning the construction, validity and interpretation of this

Agreement and the performance of the obligations imposed by this Agreement.

(j) Construction. As used herein, any reference to the masculine, feminine or neuter gender shall include all genders, the plural shall include the singular, and the singular shall include the plural. This Agreement and all instruments executed to consummate the transactions contemplated shall be deemed to have been mutually negotiated, prepared and drafted, and in the event of its interpretation no consideration shall be given to the issue of which party prepared, drafted or requested any term, condition or agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Assignor has executed this Agreement under seal by its duly authorized officers as of the day and year first written above.

ATTEST:

MORGAN RAIL L.L.C. ("Seller")

By: KND Rail Services, Inc.,
Manager

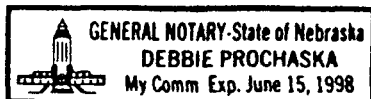
Richard K Thill
Richard K Thill

By: Roger A. Duros (SEAL)
Roger A. Duros,
President

STATE OF Nebraska, County OF Douglas, TO WIT:

I HEREBY CERTIFY, that on this 6 day of September, 1996, before me, personally appeared Roger A. Duros, to me personally known, who being by me duly sworn, says that he is the President of KND Rail Services, Inc., a member and the Manager of Morgan Rail L.L.C., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and Notarial Seal.



Debbie Prochaska
Notary Public

(SEAL)

My Commission Expires: 6-15-98

B:FN165811.ASG

SCHEDULE A

DESCRIPTION OF RAILCARS

Fifteen (15) flat bed railcars bearing reporting marks and numbers:

<u>Old Marks</u>	<u>New Marks</u>
KNDX 636025	BVRY 9611
KNDX 636042	BVRY 9613
KNDX 636076	BVRY 9614
KNDX 636083	BVRY 9616
KNDX 636102	BVRY 9617
KNDX 636107	BVRY 9618
KNDX 636143	BVRY 9620
KNDX 636154	BVRY 9622
KNDX 636165	BVRY 9623
KNDX 636174	BVRY 9624
KNDX 636181	BVRY 9626
KNDX 636190	BVRY 9628
KNDX 636206	BVRY 9629
KNDX 636215	UMP 9630
KNDX 636240	UMP 9634

EXHIBIT A

COPY OF LEASE

Not included with this filing